

INTERIM STUDY PROPOSAL 2021-088

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021

A Bill

SENATE BILL 695

4 By: Senator A. Clark

5
6
7 Filed with: Arkansas Legislative Council
8 pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

9
10 AN ACT TO AMEND THE LAW GOVERNING THE TYPE AND MANNER
11 OF NOTICE OF A PROPOSED ASSESSMENT THAT MUST BE GIVEN
12 TO A TAXPAYER; TO DEFINE "SERVICE OF NOTICE" FOR
13 PURPOSES OF A PROPOSED ASSESSMENT; AND FOR OTHER
14 PURPOSES.

Subtitle

15
16
17 TO AMEND THE LAW GOVERNING THE TYPE AND
18 MANNER OF NOTICE OF A PROPOSED ASSESSMENT
19 THAT MUST BE GIVEN TO A TAXPAYER.
20

21
22
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

24
25 SECTION 1. Arkansas Code § 26-18-307(a), concerning the general notice
26 that must be provided to an individual taxpayer regarding certain matters, is
27 amended to read as follows:

28 (a)(1) The Secretary of the Department of Finance and Administration
29 shall give a taxpayer notice of any assessment, demand, decision, or hearing
30 before the secretary ~~which~~ that directly involves that taxpayer.

31 (2)(A) Except as provided under § 26-18-404(c), All all notices
32 required to be given by the secretary to a taxpayer shall be either served by
33 personal service or sent by regular mail to the taxpayer's last address on
34 record with the particular tax section of the Revenue Division of the
35 Department of Finance and Administration in question.

1 (B) Except as provided under § 26-18-404(c), Service
2 service of the notice by mail is presumptively complete upon mailing, and the
3 secretary may take any action permitted by any state tax law.

4 (3) All notices of final assessment under § 26-18-401 shall be
5 sent by regular mail.
6

7 SECTION 2. Arkansas Code § 26-18-403(a)(2)(B), as amended by Acts
8 2021, No. 593, concerning the notice that the Department of Finance and
9 Administration must issue when it proposes an assessment to a taxpayer who
10 has failed to file a return or who has underpaid the tax owed, is amended to
11 read as follows:

12 (B) The notice required under subdivision (a)(2)(A) of
13 this section shall:

14 (i) Explain the basis for the proposed assessment,
15 and show all the calculations used to arrive at the proposed assessment;

16 (ii)(a) State that a final assessment, as provided
17 by § 26-18-401, will be made if the taxpayer does not protest the proposed
18 assessment as provided by § 26-18-404 or file a petition under the
19 Independent Tax Appeals Commission Act, § 28-18-1101 et seq., as applicable.

20 (b) The taxpayer does not have to protest the
21 proposed assessment to later be entitled to exercise the right to seek a
22 judicial review of the assessment under § 26-18-406; and

23 (iii) ~~Provide contact information for the taxpayer~~
24 ~~to use if the taxpayer wants to obtain his or her tax records, including~~
25 ~~without limitation the facts and evidence supporting the proposed assessment,~~
26 ~~from the Department of Finance and Administration~~ Include all documents,
27 facts, and evidence used to arrive at the proposed assessment.
28

29 SECTION 3. Arkansas Code § 26-18-404(c), concerning the period of time
30 a taxpayer has to protest a proposed assessment or a denial of a refund claim
31 after having received service of the notice, is amended to add an additional
32 subdivision to read as follows:

33 (3) For a proposed assessment or a refund denial that is at
34 least five thousand dollars (\$5,000), the service of notice shall be sent to
35 the taxpayer by registered mail and the time for filing a written protest
36 under this subsection shall begin on the day the taxpayer:

1 (A) Signed for the registered mail; or

2 (B) Refused the registered mail.

3

4

5 Referred requested by the Arkansas Senate

6 Prepared by: MBM/KFW

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36